

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1686 – HB 2052

May 11, 2009

SUMMARY OF AMENDMENT (007486): Deletes the language of the original bill; requires the county clerk to verify residence or address of individuals applying for motor vehicle registration or renewal of registration; requires the Department of Revenue (DOR) to provide a list of names, driver's license numbers, and addresses of drivers to any requesting county; requires any applicant who applies for registration, who was a resident of the county in a previous year and was liable for and failed to pay the applicable county wheel tax, to be liable for and pay all prior years' wheel tax prior to being issued such registration; establishes exemptions for licensed motor vehicle dealers, financial institutions, and businesses or applicants engaged in rentals of motor vehicles, trucks and trailers for periods of 31 days or less; creates a Class C misdemeanor for a county clerk, or any employee of the county clerk, to issue or renew a motor vehicle registration for an individual that the county clerk, or employee of the county clerk, knows is not a resident of the county for which such certificate of registration is issued.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –
\$4,993,300/FY09-10
\$5,994,400/FY10-11 and Subsequent Years

Increase State Expenditures - \$23,100/One-Time

Decrease Local Revenue –
\$6,201,900/FY09-10
\$7,445,200/FY10-11 and Subsequent Years

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue - \$5,994,400/Recurring
Increase State Expenditures – \$4,700/One-Time
\$48,900/Recurring

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**Decrease Local Revenue - \$7,445,200/Recurring
Increase Local Expenditures – Exceeds \$3,087,500/Recurring***

Other Fiscal Impact – Some counties may experience an increase in revenue if back wheel taxes are paid. The amount will depend on the number of persons who have been registering in a county where they do not maintain a residence.

Assumptions applied to amendment:

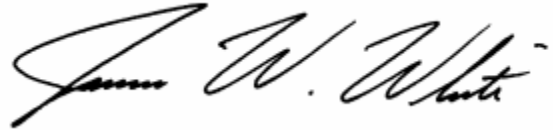
- According to DOR, 517,923 vehicles are registered in Tennessee but are not registered with a Tennessee home address. DOR assumes 50 percent of these vehicles belong to persons in the military and the remaining 50 percent (258,962) belong to students and other persons who register in Tennessee but do not maintain a home address in Tennessee.
- The state portion of each passenger motor vehicle registration is \$21.50.
- The recurring decrease to state revenue is estimated to be \$5,567,700 per year ($258,962 \times \$21.50 = \$5,567,683$).
- The average county wheel tax is estimated to be \$28.75.
- The recurring decrease to local government revenue is estimated to be \$7,445,200 per year ($258,962 \times \$28.75 = \$7,445,158$).
- There are 213,336 leased vehicles where the owner or lessor does not have a Tennessee home address. There is currently a \$2.00 fee to register leased vehicles, resulting in an additional recurring decrease to state revenue of \$426,700 per year ($213,336 \times \$2 = \$426,672$).
- The total recurring decrease to state revenue is estimated to be \$5,994,400 per year ($\$5,567,700 + \$426,700 = \$5,994,400$).
- DOR will require one new position within the Vehicle Services Division to conduct research on registrations going back more than three years (county clerks only have access to three years of data). The associated increase to recurring state expenditures is estimated to be \$48,900 per year (\$24,300 salary, \$17,300 benefits, \$7,300 other). One-time state expenditures associated with the additional positions is estimated to be \$4,700 (computers, software, communications, etc.).
- Requiring county clerks to verify residency will result in eliminating online renewal and renewal by mail. Because of increased foot traffic, each county is estimated to require an additional position to handle automobile registrations and renewals. Assuming a salary of \$25,000 and benefits of \$7,500 for a total compensation of \$32,500, recurring local government expenditures are estimated to increase at least \$3,087,500 per year ($\$32,500 \times 95 \text{ counties} = \$3,087,500$).

- There will not be a sufficient number of Class C misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc